Nova Scotia

ANNUAL REPORT

for the year ending
July 31, 1985

Provincial Grain Commission

His Honour
The Honourable Alan R. Abraham, C.D.
Lieutenant Governor of the
Province of Nova Scotia
Government House
Halifax, Nova Scotia

Dear Sir:

I have the honour to transmit herewith the Annual Report of the Provincial Grain Commission for the fiscal year ended July 31, 1985.

I am, Your Honour,

Yours very truly,

Roger S. Bacon

The Honourable Roger Bacon
Minister of Agriculture and Marketing
Province of Nova Scotia
P.O. Box 190
Halifax, Nova Scotia
B3J 2M4

Dear Sir:

Presented herewith, in accordance with Section 11(2) of the Provincial Grain Commission Act, is the Annual Report of the Provincial Grain Commission for the year ended July 31, 1985.

Respectfully submitted,

Ted Ueffing
Chairman

Robert E. Dechman
Secretary-Manager

PROVINCIAL GRAIN COMMISSION
ANNUAL REPORT
YEAR ENDING JULY 31, 1985

Commission Members

T. Ueffing—Chairman
G. Coldwell—Vice-Chairman
T. Mattie
J. Peill
J. Johnson
W. Cock
G. Parker

Staff

R. Dechman—Secretary-Manager
S. Brown—Supervisor, Steam Mill Grain Centre
R. Quartermain—Grader
E. Canfield—Manager, Bayhead Grain Centre
M. Watters—Accounting Clerk

Background

The Provincial Grain Commission was established by an act of the Legislature of Nova Scotia that was assented to by the Lieutenant Governor on May 19, 1977. Under the act, grain means wheat, barley, oats, rye, corn, fababeans, soybeans, field peas, rapeseed, and such other crops as may be designated by the Governor-in-Council.

Objectives

The objectives and powers of the commission as set down by the act are:

(1) to buy, sell, store, dry, grade, and distribute grain and to promote grain production;
(2) to establish prices and make initial and final payments for grain purchased or marketed by the commission;
(3) to acquire, hold, or lease real and personal property;
(4) to erect buildings and other works necessary for the purchase, sale, drying, storage, and handling of grain;

(5) to administer grain production incentive programs as requested by the Minister of Agriculture and Marketing;
(6) to enter into and carry out agreements and arrangements for the use, operation, management, and control of grain drying and storage facilities;
(7) to carry out such other functions and discharge such other duties as the minister may from time to time approve or determine.

With the approval of the Governor-in-Council, the commission has made regulations:

(1) respecting the conditions of purchase, sale, and distribution of grain by the commission;
(2) respecting the kinds, quantities, quality, and dates of purchase of grain purchased by the commission;
(3) fixing the dates of advance and final payments each year;
(4) fixing rates charged for drying, storage, grading, and handling of grain handled by the commission.

Change in Fiscal Year

In order to be consistent with other grain agencies in the province and with the grain industry in Canada, the reporting period for the commission was changed to a year ending on July 31. This report therefore covers a period from April 1, 1984 to July 31, 1985 (sixteen months).

Summary

Grain-Handling Facilities: The commission operated three grain-handling facilities in the province: one at Steam Mill, Kings County, one at Bayhead, Colchester County, and a third at Nictaux, Annapolis County. The services of grading, drying, storage, assembling, and shipping were provided to grain producers at all three locations. Protein evaluation was done on all loads of wheat delivered to the Steam Mill Grain Centre at the time of delivery. Samples from loads delivered to the other locations were completed after delivery.

Advance Payments: On July 13, 1984 the commission established the rate of advance payment for the various grains and subsequently provided funds to the Nova Scotia Winter Grain

Marketing Board for distribution to growers based on the amount of grain delivered. Advances totalling $696,985.54 were provided.

Upgrading of Facilities: Construction of a new grain centre in Middleton to replace the leased facilities at Nictaux was completed during the year and officially opened on June 30, 1985. These new facilities will provide a faster and more complete service to the farmers of Annapolis County and Western Kings County.

A dryer was added to the system at Bayhead to accommodate canola. This addition will save canola producers in that area the transportation cost of moving their crop to a dryer in Kings County and help to insure the quality does not suffer owing to a delay in the time between harvest and final drying.

Producer Associations: Marketing of all grains was the responsibility of the Nova Scotia Winter Grain Marketing Board, and a close working relationship between the commission and the board was maintained. This arrangement has further strengthened the approach to orderly marketing and permitted efficiencies in the operation of facilities and marketing pools.

Operational Report

Advance Payments: The following table outlines the funds used, the number of producers participating in the various marketing pools, and the advances received by each pool.

Table I

ADVANCE PAYMENTS BY COMMODITY

Type of Grain	Tonnes		No. of Producers		Total Advances	
	1983-1984	1984-85	1983-84	1984-85	1983-84	1984-85
Wheat	3,617	3,531	87	81	235,113.77	247,319.91
Rye	1,657	1,407	72	60	124,290.65	98,515.69
Barley	1,047	1,326	47	52	78,341.76	92,840.23
Oats	1,353	1,733	89	94	76,671.13	108,703.84
Corn	1,357	1,723	16	27	108,577.68	124,233.16
Soybeans	109	323	4	12	27,297.50	25,372.71
Total	9,140	10,043	315	326	650,292.49	696,985.54

Grain-Handling Facilities: The volume of grain handled by the commission is shown in the following tables and is broken down by the type of grain, source, and location.

Table II

GRAIN HANDLED AT STEAM MILL GRAIN CENTRE

(Tonnes)

Type of Grain	1983–84			1984–85 (16 months)		
	Local	Western	Total	Local	Western	Total
Wheat	2,696.0	804.1	3,500.1	3,111.9	1,403.9	4,515.8
Rye	1,384.6	—	1,384.6	1,282.9	—	1,282.9
Barley	756.0	11,525.1	12,281.1	868.4	11,755.8	12,624.2
Oats	849.3	—	849.3	1,128.0	—	1,128.0
Corn	2,186.7	5,229.6	7,416.3	2,960.6	12,061.8	15,022.4
Canola	49.1	—	49.1	—	—	—
Canola Meal	—	114.7	114.7	—	83.9	83.9
Soybean Meal	—	1,442.9	1,442.9	—	1,670.9	1,670.9
Other	—	763.8	763.8	—	184.9	184.9
Total	7,921.7	19,880.2	27,801.9	9,351.8	27,161.2	36,513.0

Table III

GRAIN HANDLED AT BAYHEAD GRAIN CENTRE

(Tonnes)

Type of Grain	1983–84			1984–85 (16 months)		
	Local	Western	Total	Local	Western	Total
Wheat	296.8	453.3	750.1	184.0	327.2	511.2
Rye	210.1	—	210.1	33.9	—	33.9
Barley	616.1	1,084.5	1,700.6	539.6	1,758.5	2,298.1
Oats	840.2	—	840.2	769.9	—	769.9
Corn	—	50.3	50.3	—	376.9	376.9
Canola	47.5	—	47.5	80.6	—	80.6
Soybean	—	—	—	33.3	—	33.3
Total	2,010.7	1,588.1	3,598.8	1,641.3	2,462.6	4,103.9

Table IV

GRAIN HANDLED AT NICTAUX GRAIN CENTRE

(Tonnes)

Type of Grain	1983-84			1984-85 (16 months)		
	Local	Western	Total	Local	Western	Total
Wheat	387.0	—	387.0	259.0	—	259.0
Rye	92.3	—	92.3	247.7	—	247.7
Barley	243.9	198.1	442.0	413.3	146.1	559.4
Oats	247.0	—	247.0	263.3	—	263.3
Corn	156.0	—	156.0	354.5	80.3	434.8
Total	1,126.2	198.1	1,324.3	1,537.8	226.4	1,764.2

Acknowledgements

The Provincial Grain Commission wishes to acknowledge the assistance received from producers and producer associations, in particular, the Nova Scotia Winter Grain Marketing Board and the work it has done on behalf of all grain producers in the province.

The commission wishes also to acknowledge the co-operation received from the milling industry and the livestock feed trade organizations in the province for their assistance in marketing and handling the local crop.

In conclusion, the commission wishes also to acknowledge the effort made by its operational staff, their dedication to their work, and the effort they have put forward to serve their clientele.

FINANCIAL STATEMENTS
JULY 31, 1985

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AUDITOR'S REPORT

To the Chairman and Members of the
Provincial Grain Commission and to
the Minister of Agriculture and Marketing

I have examined the balance sheet of the Provincial Grain Commission as at July 31, 1985 and the statement of revenues and expenses and the statement of retained earnings for the sixteen-month period then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at July 31, 1985 and the results of its operations for the sixteen-month period then ended in accordance with generally accepted accounting principles, as modified by Note 2(a), applied on a basis consistent with that of the preceding year.

O.P. Cormier

O.P. Cormier, F.C.A.
Auditor General
Halifax, Nova Scotia
October 23, 1985

BALANCE SHEET
AS AT JULY 31, 1985

Assets

	1985	1984 (March 31)
Current		
Cash (Note 4)	$1,208,659	$ 447,506
Short-term investments	200,000	250,000
Accounts receivable	132,632	108,756
Accrued interest	6,859	11,591
Advances receivable (Note 5)	72,157	650,292
Grain inventory	48,505	69,352
	$1,668,812	$1,537,497

LIABILITIES AND EQUITY

Current		
Accounts payable	$ 29,071	$ 63,290
Due to producers	—	8,305
	$ 29,071	$ 71,595
Long-Term		
Advance from Province of Nova Scotia	$ 950.000	$ 950,000
Retained Earnings	$ 689,741	$ 515,902
	$1,668,812	$1,537,497

Contingency (Note 6)

APPROVED ON BEHALF OF THE BOARD

Chairman

Member

STATEMENT OF RETAINED EARNINGS FOR THE SIXTEEN-MONTH PERIOD ENDED JULY 31, 1985

	1985	1984 (12 Months)
Balance, beginning of period	$515,902	$399,133
Add: Net income	173,839	116,769
Balance, end of period	$689,741	$515,902

STATEMENT OF REVENUES AND EXPENSES FOR THE SIXTEEN-MONTH PERIOD ENDED JULY 31, 1985

	1985	1984 (12 Months)
Revenues		
Grain Centre revenues (Schedule A)	$ 366,735	$274,623
Profit on commission-owned grain	33,012	45,136
Other	1,976	570
	401,723	320,329
Expenses		
Grain Centre operating expenses (Schedule A)	545,565	399,172
Operating Loss	143,842	78,843
Administrative expenses		
Construction and equipment purchases (Note 2)	810,666	678,662
Salaries	134,192	76,595
Travel and meetings	30,835	22,930
Office expenses	26,319	16,525
Provision for bad debts	18,362	1,182
Other	2,719	3,149
	1,023,093	799,043

Less: Interest income	99,401	48,225
	923,692	750,818
Loss before Government Contribution	1,067,534	829,661
Contributions by the Province of Nova Scotia	1,093,873	946,430
Grants from Government of Canada	147,500	—
	1,241,373	946,430
Net Income	$ 173,839	$116,769

NOTES TO FINANCIAL STATEMENTS
JULY 31, 1985

1. The Provincial Grain Commission

The Provincial Grain Commission was established by the Provincial Grain Commission Act in 1977. Its purpose is to provide grain drying, storage and handling facilities for the farmers of Nova Scotia. During the audit period, three facilities were in operation, one in Steam Mill, Kings County, one in Bayhead, Colchester County, and one in Nictaux, Annapolis County.

During the sixteen-month period ended July 31, 1985, the commission constructed a new facility in Middleton, Annapolis County. The new facility was officially opened July 30, 1985 and is known as the Middleton Grain Centre. On this same date, operations at the Nictaux facilities ceased.

2. Accounting Policies

a) Fixed Assets:

Purchases of capital equipment and machinery are expensed in the year of acquisition. As well, costs relating to construction of facilities are expensed in the year incurred.

b) Contributions by the Province of Nova Scotia:

The Department of Agriculture and Marketing pays various operating and administrative expenses of the Provincial Grain Commission; as well, all capital expenses are paid by the Department of Agriculture and Marketing.

c) Short-term Investments:

Short-term investments are stated at cost. As at July 31, 1985, the market value of the investments equalled their cost.

d) Inventories:

Grain inventories owned by the commission are valued at the market price on July 31, 1985. Grains in storage on behalf of producers are not reflected in these financial statements.

3. **Year End**

During 1985, legislation was enacted that changed the year end of the commission from March 31, to July 31. This legislation had the effect of extending the 1984/85 year to the period April 1, 1984 to July 31, 1985 (sixteen months). In all subsequent periods, the fiscal year will be from August 1 to July 31. The comparative figures in these financial statements are for the twelve-month period from April 1, 1983 to March 31, 1984.

4. **Cash**

Cash includes both the general cash of the commission, as well as funds to be used for advance payments to producers to cover the costs of producing grains.

The commission is authorized to make advance payments to producers through the Nova Scotia Winter Grain Marketing Board. This program is funded by a $950,000 long-term advance from the Province of Nova Scotia. The advances are recovered when the Nova Scotia Winter Grain Marketing Board sells the grains. As at July 31, 1985, $877,754 (March 31, 1984—$299,618) was still available to be advanced to producers.

	1985	1984 (March 31)
General operating accounts	$ 176,921	$ 44,194
Interest on advance payment account	153,984	103,694
Advance payment account	877,754	299,618
	$1,208,659	$447,506

5. Advances Receivable

Advances receivable at July 31, 1985 of $72,157 (March 31, 1984—$650,292) represent advances to the Nova Scotia Winter Grain Marketing Board for distribution to producers under the advance payment program.

6. Contingency

The commission has been named as a third party in a lawsuit against a feed distributor. The suit was initiated by a farmer claiming the loss of livestock and revenues. The commission intends to vigorously contest the claim. At the present time, it is not possible to determine the value of the claim or the outcome of the action. Settlement, if any, that may result from this lawsuit, is expected to be accounted for as a charge against income for the period in which settlement is made.

GRAIN CENTRE OPERATIONS
FOR THE SIXTEEN-MONTH PERIOD ENDED JULY 31, 1985

	Steam Mill		Bay Head		Nictaux		Total	
	1985	1984 (12 Mos.)	1985	1984 (12 Mos.)	1985	1984 (12 Mos.)	1985	1984 (12 Mos.)
Revenues								
Handling and drying fees	$277,310	$212,470	$ 57,634	$ 46,356	$ 31,791	$15,797	$366,735	$274,623
Operating Expenses								
Salaries	173,653	112,940	47,386	53,594	40,038	25,643	261,077	192,177
Insurance	21,249	25,520	4,285	5,568	3,094	1,897	28,628	32,985
Maintenance, rentals and repairs	52,652	34,034	29,823	23,067	19,784	12,057	102,259	69,158
Electricity	15,494	17,936	13,172	7,923	8,845	4,842	37,511	30,701
Fuel	42,014	38,653	11,391	10,131	10,285	4,674	63,690	53,458
Trucking	8,726	1,329	20,698	12,310	870	—	30,294	13,639
Storage	8,191	92	—	—	587	—	8,778	92
Handling	5,866	—	—	—	728	—	6,594	—
Other	3,219	913	1,214	685	2,301	5,364	6,734	6,962
	331,064	231,417	127,969	113,278	86,532	54,477	545,565	399,172
Operating loss	$ 53,754	$ 18,947	$ 70,335	$ 66,922	$ 54,741	$ 38,680	$178,830	$124,549